

EXECUTIVE OFFICE OF THE PRESIDENT

BUREAU OF THE BUDGET

WASHINGTON 25, D. C.

BULLETIN NO. 54-10

April 26, 1954

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Obligations for May and June 1954

1. Policy on obligation rates. The head of each agency is requested to give specific attention to financial obligations incurred during May and June 1954 to the end that:

- a. Obligations for the fourth quarter of this fiscal year will not exceed obligations for the third quarter, except in those cases where a higher level is required to carry out a seasonal program. Any such higher levels are to be fully and demonstrably justified.
- b. Employment will be held to the minimum necessary to accomplish the job. Employment at the end of June must not exceed the level budgeted for the start of the fiscal year 1955.
- c. Purchases for inventories will be held down so that inventories will be below the number of months supply which was on hand in June 1953. Inventories at the end of the fiscal year should generally be limited to the quantities necessary for an orderly transition to the next year and for emergency standby purposes.
- d. Other purchase orders and contracts will be entered into only for those goods and services which are needed to complete the service of this fiscal year, except where there is a specific advantage to the Government to place advance orders.
- e. Advance payments to contractors, vendors, States, etc., will be held to the amount necessary to fulfill statutory and contractual requirements. A determined effort should be made to reduce the amount of such advances that will be outstanding at the close of the fiscal year.

Exceptions to the foregoing policies should be made only by the head of the agency, and only when the need therefor is specifically justified in the interests of the United States.

2. Instructions to be issued. To assure the accomplishment of these objectives, each agency head should promptly issue written instructions to those subordinate officials to whom authority has been delegated to incur obligations. A copy of these instructions should be forwarded to the Bureau of the Budget by May 5, 1954.

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3. Reserves for 1954. The savings which result from this action should be reserved from the administrative allotments of your agency. To the extent that these savings can be identified in time, they should also be established in budget reserves in accordance with the regular apportionment procedures.

4. Apportionments and reserves for 1955. Obligation rates for the fourth quarter of this fiscal year will be examined carefully in connection with apportionments at the beginning of the fiscal year 1955. To the extent that obligations for this fourth quarter are above those for the third quarter the excess will be reserved against the apportionment for the first quarter of the following year, except in cases where adequate explanation justifying the larger amount is furnished the Bureau of the Budget by the agency. Necessary explanations should accompany the regular financial reports for the month of June.

ROWLAND R. HUGHES
Director